

UNITED STATES DEPARTMENT OF AGRICULTURE
Rural Electrification Administration

January 1950

P R E S S D I G E S T

A Sample of Newspaper Stories and Comment Regarding the
Rural Electrification and Rural Telephone Programs

REA PROGRESS EXAMPLE FOR
HEALTH INSURANCE PROPONENTS

Lowell Mellett in Washington
Star, January 5.

For encouragement the proponents of health insurance can look to REA progress against similar opposition. Administrator Wickard's Yearly Summary reveals that 78 out of 100 farms are now electrified as against 3 out of 100 twenty-five years ago. The Committee on the Relation of Electricity to Agriculture, fostered by private utilities to prevent Government aid, labored 11 years to bring this percent up to 11. After REA was created in 1935, its enemies still contended that the only widespread demand for electricity existed in the minds of the farmers' champions. How very wrong they were. Today, 14 years later, only about one million farms are without electricity; co-ops, set up to borrow from REA, are prevalent among farmers; and the loan repayment of these co-ops has been more-than-satisfactory.

EGYPTIAN ELECTRIC CO-OP PAYS
OVER 5% OF RECEIPTS IN TAXES

Red Bud Pilgrim, Red Bud,
Illinois, December 2, 1949

A report by the Egyptian Electric Cooperative Association of Steelville, shows that nearly 6 percent of its total receipts goes into taxes. Social Security, public utility, U. S. Employment, sales, license, gasoline, and property taxes are all included in this year's bill of \$18,000. Another sidelight of the report is that for every connected meter, the co-op pays \$4.40 taxes. The co-op has over 4,200 meters.

TELEPHONES

PRECEDENT-SETTING ORDER APPROVES
ARKANSAS TELEPHONE CO-OP

Public Utilities Fortnightly
Washington, D.C., January 19.

The first Arkansas telephone company to seek Federal help, Public Service Corporation, received its "go ahead" December 21, to modernize and expand its service. In granting approval, the State Commission said that standards of economic feasibility applied to construction of telephone facilities in prior cases would not necessarily be controlling under this new law, that is, "What is not economically feasible under high-cost private financing may be feasible under lower-cost Federal financing."

NEED FOR RURAL TELEPHONE CO-OPS

Editorial in the Quincy Herald-Whig, Quincy, Illinois,
December 29, 1949

Recent mid-west storms emphasized the crisis faced by small rural telephone companies. Repair costs per line mile are about the same, rural or urban. Barring such accidents, little companies do fairly well. During the last few years, reserves disappeared in the high cost of maintenance. Big companies aren't interested in acquiring rural lines. One solution is the telephone co-op in which each user is an owner.

RURAL TELEPHONE
COMPETITION SEEN

Mobile Press, Mobile, Alabama
November 15, 1949

President Truman's signing of the telephone bill produced immediate results in the region around Mobile. For two years, relates C.C. Hall, farmer of Wetumpka, Alabama, 120 prospective subscribers tried unsuccessfully to obtain telephone service. However, the day following the signing, Southern Bell Telephone Company started looking for customers and six days later followed up with a second solicitation. Administrator Wickard commented on this report that he was doing his best to put some competition in the field.

FARMERS CONSIDER BUILDING
OWN TELEPHONE CO-OPS

Farmers Union Herald, St. Paul
January 9.

Farmers in thinly settled areas of the nation are hopeful of telephone service for the first time in history. Increasing numbers are asking about the necessary steps to obtain phones under the new rural telephone bill. They are canvassing their local areas to find out the number of farms with telephone service, those without it, and why such service has not been available. Following this, they will file telephone loan applications with the REA. In the opinion of REA co-ops, farmers will get no help from privately-owned telephone companies which place profit above service and even question the ability of farmers in "substandard rural areas" to pay for the phones. However, they made similar claims before the establishment of the electrification program.

FARMERS ACCUSE BELL TELEPHONE
OFFICIALS OF "DOUBLE CROSS"

Hardin County Times, Iowa Falls,
Iowa, November 15, 1949

At a meeting in the office of the Hardin County Rural Electric Cooperative, farmers accused the Bell Telephone Company of "double crossing" them in plans to obtain Government aid. It was reported that Bell had promised some farmers aid in rural telephone expansion in a particular area and assured others that Bell would not and could not build more lines in that area. Bell is using the same tactics, say the farmers, as many power companies used when rural electric cooperatives were being formed.

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IOWANS EYE TELEPHONE LOANS

A P Dispatch in the Tribune,
Des Moines, Iowa, December 21,
1949

Ten Iowa companies have indicated interest in Federal loans under the new rural telephone expansion service. Preference during the first year is given to existing companies and cooperative, nonprofit, limited dividend or mutual associations. Loans will be made for 35 years at 2 percent. While names are not available, the interested companies are located in Montgomery, Adams, Wayne, Davis, Greene, Story, Woodbury, Webster and Mitchell counties.

RURAL TELEPHONE SERVICE IN NORTH CAROLINA

University of North Carolina
News Letter, Chapel Hill, North
Carolina, December 21, 1949

Even before the recent rural telephone bill became law, rural people of North Carolina had organized two telephone co-ops. The first was formed in Randolph County a year ago under an Act of the 1945 General Assembly, and the second was set up in Guilford County in September. Membership in the Randolph County co-op has more than doubled since its organization, an indication that expansion of telephone service in the next few years in North Carolina may duplicate the phenomenal expansion of rural electric facilities in the past decade.

RURAL TELEPHONE CO-OP FORMED IN NEW MEXICO

News-Journal, Clovis, New Mexico
November 6, 1949

The organization of the Eastern New Mexico Rural Telephone Co-op, Inc., marked the first step in additional rural telephones in this State. It may be a year or two before lines are energized, the co-op president said, but added that they would be among the first applications for aid.

TELEPHONE CO-OP PLANS SET IN MOTION

McLean County News, Calhoun,
Kentucky, December 22, 1949

McLean County citizens, interested in better telephone service, met and set up temporary machinery to form a telephone co-op. It was pointed out that rural areas of this county have less telephones than 40 years ago. A membership of \$5 was set for the proposed co-op and plans got under way for an immediate membership drive.

ELECTRIFICATION

REA SERVES 45,000 MORE
FARMS EACH MONTH

A P Dispatch in the Wall Street
Journal, New York City:
November 28, 1949

Administrator Wickard said the REA program now "is moving at its fastest pace in history," with borrowers servicing about 45,000 new consumers a month. Somewhere in rural America this week, electricity will begin to flow to the three millionth consumer hitched up to an REA-financed power line. Wickard estimated that about a half million more rural consumers will have electricity through REA service this year than had it in 1948. He also noted that REA borrowers took 7 years to connect their first million consumers, $5\frac{1}{2}$ years to bring service to the second million, and only 23 months to bring in the third million.

REA LENDS \$55 MILLION
TO TEN CO-OPS

A P Dispatch in the
Washington Post, Washington, D.C.
December 20, 1949

REA has authorized loans of nearly \$55 million dollars to 10 borrowers in the last 90 days for the formation of superpower cooperatives. These federations account for approximately 50 percent of all REA loans during the last year. Until just after the war, such loans accounted for only 10 percent of REA's total, according to the agency's records. Clyde Ellis, Executive Manager, National Rural Electric Cooperative Association, observed that there are three reasons for this trend toward federated co-ops; inability of small individual co-ops to obtain power; excessive rates charged small co-ops; and restrictions on the use of available power. Ellis said farmers are now geared to electricity and he expects this trend toward federation to continue. There are now 23 federated systems in the country which Ellis said represent the bulk of the cooperative capacity.

REA LENDS \$10 MILLION
TO EAST KENTUCKY CO-OP

The Louisville Courier-Journal
Louisville, Kentucky
November 24, 1949

REA today approved a \$10,265,000 loan to the East Kentucky Rural Electric Cooperative Corporation to relieve a power shortage in East Central Kentucky. This loan, with \$2,000,000 granted in 1941, will be used to build a steam generating plant and construct 597 miles of transmission lines to carry power to 13 REA-financed co-ops, known as the East Kentucky Cooperative Association. The co-ops believe that this new system, connecting with the TVA, will assure them an adequate and dependable source of power at reasonable rates.

STATE POWER SHORTAGE DENIED BY
HEAD OF KENTUCKY UTILITIES

Louisville Times, Louisville,
Kentucky, November 28, 1949

There is no power shortage for the 19 co-ops served by the Kentucky Utilities Company, says R. M. Watt, President. He contends that one co-op being served by his company is getting 14 times the kilowatts of capacity called for in the original contract, and this same general situation applies to all 19 co-ops supplied by K.U. The company, Watt stated, has just put into operation a new steam generating plant on the Kentucky River in East Central Kentucky and will soon complete another on Green River in the western part of the State. The Green River plant will be connected with the Central and East Kentucky system by a transmission line already completed, Watt added.

1300 FARMS ELECTRIFIED THROUGH
WILLIAMS COUNTY REA

Williams County Farmers Press
Williston, North Dakota
December 8, 1949

Williams Electric Cooperative, Inc., is this week completing construction of rural electric lines to serve 1300 farms, Sig Forseth, Co-op Manager, told the Williston Lions Club. In this sparsely settled region, area income, rather than farm density, was the determining factor in approval for the loan. Power from the Ft. Peck, Bureau of Reclamation Dam, was obtained to energize the first section of the line, making Williams Electric the first co-op to use Ft. Peck public power. Loans to the co-op have totaled \$2,000,000. This co-op is the first in western North Dakota to complete its goal of area coverage. Forseth also noted that rural areas would be interested in modern telephone service since the Government has now made that possible through REA.

TWO MILLION DOLLAR ELECTRIFICATION
PROJECT IN OREGON, DELAYED

Pacific Northwest Co-Operator
Walla Walla, Washington
January 1950

Plans for immediate construction of a \$2,230,000 rural electrification project in Umatilla, Morrow and Grant counties have been suspended, awaiting the outcome of litigation between the Columbia Power Cooperative Association and the California-Pacific Utilities Company. The Government loan agreement included purchase by the co-op of six small private companies presently furnishing high-cost electric service in the area. After the co-op secured options on the six small utilities, it discovered that its opponent also had the same option on one of them - the Long Creek utility property. Fred Jackson, Executive Secretary of the co-op, termed this one of the worst examples of "spite line" activity he had seen. He added that the power company showed no interest whatsoever in that particular area until the co-op took steps to electrify it through REA aid. The matter is now in the courts.

WORK BEGUN ON M & A ELECTRIC
POWER CO-OP PROJECT

Daily American Republic
Poplar Bluff, Missouri
December 31, 1949

Work is beginning on the installation of the huge new transformers in distribution substations of the M & A Electric Power Co-op. Five units were unloaded today at Poplar Bluff and the remainder of the units will be distributed to Southeast Missouri substation sites. These transformers will convert the 69,000-volt current carried in the transmission lines to lower voltages suitable for use in the co-op systems served by the transmission and generating system.

GENERAL

REA FACES POWER HURDLE TO
ELECTRIFY REMAINING FARMS

Washington Dispatch in The New
York Journal of Commerce
November 7, 1949

To electrify all the nation's farms, REA will have to buck serious power shortage. The 1,275,000 "dark" farms are widely scattered and include the lowest-income group in the U. S. agricultural economy. REA Deputy Administrator Haggard says that REA will have to wait for new power plants developed by other Federal agencies which can sell power at wholesale rates. Commercial utilities can't fill the need of the poorer, out-of-the-way farmer whose consumption will be low. Dependence on new public power projects, Haggard concedes, means a "tapering off" of new farm connections. The problem can't be tackled area-wise, basic REA approach. Despite the difficulties, Haggard says the remaining 20 percent of farms have a right to electricity and REA is going to see that they get it.

CVA OPPOSITION
'FINANCING' HIT

The Spokesman-Review, Spokane,
Washington, January 7.

Representative Hugh Mitchell (D-Wash.), together with five Oregon and Washington Grange and labor leaders, proposed today an inquiry into the financing of Columbia Valley Authority opposition. The League for CVA released copy of a letter sent to the chairmen of the House and the Senate Committees investigating lobbies. This letter charged the anti-CVA group with spending "at least \$250,000" in 1949 against administration-supported legislation for a CVA, and suggested that an investigation of this power ful lobby would generally enlighten the interested public.

UTILITY HEAD SUPPORTS REA

Daily Sentinel, Grand Junction,
Colorado

REA is needed because of "economic limits beyond which our company and other private utilities could not extend their lines," explained J. E. Loiseau, President of Public Service Company. This company supplies electricity to 7 co-ops extending into regions where the company could not go for lack of sufficient revenue. Loiseau compared REA with Rural Free Delivery, adding "it is assisted and supported by the Government because of its contribution to present day standards of living."

RURAL POWER PROJECT RAISES DEBATE OVER "WELFARE STATE"

Richmond, Virginia Dispatch in
The Times, New York
October 1, 1949

In a world of atom bombs and toppling currencies, the Upper South was this week concerned with the "welfare state". The question gained new interest as the result of an REA \$14,320,000 loan to 11 electric co-ops in Virginia to build a steam power plant at Scottsville and 900 miles of transmission lines. REA's action started two trains of thought - some felt the loan was a proper step in fulfilling the electric co-op plan; others felt it was a major assault against private power. But the real issue was: How far should the Government go in promoting the "general welfare" and whether or not those people who oppose the President's domestic program are actually 160 years behind the times.

MONTANA POWER DIRECTOR RETIRES IN BLAZE OF DARKNESS

Editorial in The Western News,
Hamilton, Montana
December 8, 1949

Recently while the Montana Power Company was honoring Aubrey Knowles, retiring director, with a banquet at Missoula, the lights suddenly went out in Hamilton and other sections of the Bitter Root Valley. Since this happened the same evening that a new system of lights was turned on in Missoula, Bitter Root consumers suspected that the company could not furnish sufficient power for everyone at the same time. While Montana "prates" a lot about service, it fails to produce when it is most necessary.

CO-OP IN ROW WITH UTILITY OVER CUSTOMER

A P Dispatch from Frankfort,
Kentucky, December 2, 1949

The right of an electric co-op to serve electricity to a state hospital will be argued before the Public Service Commission in Frankfort, January 10. This legal battle involves the Rural Electric Cooperative Association of Glasgow and the Kentucky Utilities Company. The co-op had a contract to provide power during construction and started service in May 1946. When construction was finished last August, the hospital terminated the contract. Since then, the power company has been servicing the hospital due to an extension of the Glasgow city limits.

CAIN TO PRESENT WATER UNIT BILL

The Spokesman-Review, Spokane,
Washington, January 7.

Senator Harry P. Cain (R-Wash.), plans to introduce a bill to consolidate all water resources development in the Interior Department and a new board to be named by the President. The proposed new Interior Department bureau would take over all army engineering functions relating to flood control, irrigation and electric power production. Also it would absorb present functions of the Reclamation Bureau, Bonneville Power Administration, Southwest Power Administration and the Power Division of Interior.

PUBLIC VS. PRIVATE POWER
DISPUTE IN TEST

One of a series of articles by Gordon Mikkelson on controversy over result of developing the Missouri Basin - in the Minneapolis Star, Minneapolis, Minnesota, January 20.

Men in North and South Dakota are arguing today about "free enterprise" and "socialism" because vast amounts of power will come in from the Missouri River dams. The main issue is: What kind of regulation will develop. Federal laws provide that power from public projects, like the Missouri dams, shall be sold first to public agencies. This puts the REA co-ops and other public power distributing groups in preferred position. Private power firms insist that if the Government were out of the way, they would expand generating facilities fast enough to meet the demand. They say that investors are afraid of projects which may become government-owned. In all this, the Dakotas have a real, long-time problem. Both are supplied power by private utilities and are at the bottom of the list of States in electrified farms. One solution, agreed to by the Reclamation Bureau, is that the Federal Government would limit sales to preferred customers within 150 miles of the dams. This would keep power from the Ft. Randall Dam (S.D.) and the Garrison Dam (N.D.) mostly within the Dakotas. Another solution, advanced by the private companies, is the "wheeling" agreement between private companies and public power producers.

REA A "SOCIAL REVOLUTION"

Wilfrid Parson's column in AMERICA,
Catholic Review of the Week, New York
City, December 3, 1949

Commenting on REA, - "...it occurred to me that we had there a very good example of the 'welfare state' in action...Borrowers own a million miles of line, serving three million consumers...Since its foundation, REA has loaned an aggregate of \$1,105,876,987...it has received \$78 million in interest, and \$106 million in repaid principal...This is ... a tremendous economic revolution, which has profited the utilities, the appliance manufacturers and the farmers, not to speak of the U. S. Treasury, which will earn a handsome profit in interest. It is...private corporate enterprise, of the cooperative type...It is still more of a tremendous social revolution. Few city people can realize what a social change has been operated on the farms by that very electricity which they have always taken for granted."